

105TH CONGRESS  
2D SESSION

# H. R. 4149

To reduce overhead and other costs associated with the management of the National Forest System, to improve the fiscal accountability of the Forest Service through an improved financial accounting system, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1998

Mr. SMITH of Oregon (for himself, Mr. COMBEST, Mr. HERGER, and Mr. TAYLOR of North Carolina) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To reduce overhead and other costs associated with the management of the National Forest System, to improve the fiscal accountability of the Forest Service through an improved financial accounting system, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Forest Service Cost Reduction and Fiscal Accountability  
6 Act of 1998”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
2 this Act is as follows:

- 3 Sec. 1. Short title; table of contents.
- 4 Sec. 2. Findings.
- 5 Sec. 3. Definitions.
- 6 Sec. 4. All Resources Reporting System.
- 7 Sec. 5. Limitations on costs charged to off-budget funds.
- 8 Sec. 6. Disclosure of indirect expenditures and general administration costs in  
9 annual budget requests.
- 10 Sec. 7. Cost reduction strategic plan.
- 11 Sec. 8. Audit requirements.

12 **SEC. 2. FINDINGS.**

13 Congress finds the following:

14 (1) Over the last several years, indirect expendi-  
15 tures and other overhead costs within the Forest  
16 Service have increased substantially, both in total  
17 dollar amounts and as a percentage of total expendi-  
18 tures. Rising indirect expenditures and other over-  
19 head costs have hindered the ability of the Forest  
20 Service to carry out its core mission of managing the  
21 National Forest System.

(2) According to the Comptroller General, indi-  
rect expenditures associated with Forest Service  
management of five off-budget funds established by  
law to provide funds for site restoration, reforest-  
ation, habitat improvement, brush disposal and other  
critical management activities has increased by 80  
percent and now exceeds 27 percent of the total an-  
nual expenditures from these off-budget funds. Con-  
siderable debate continues regarding whether such

1 expenditures exceed spending authority provided by  
2 Congress.

3 (3) Forest Service data show that annual gen-  
4 eral administration costs associated with the Federal  
5 timber sale program increased by 46 percent be-  
6 tween 1992 and 1996 and now comprise 31 percent  
7 of the total costs of the program. Such data show  
8 that annual general administration costs exceed the  
9 total annual costs of all of the following combined:

10 (A) Environmental analysis.

11 (B) Appeals and litigation.

12 (C) Road design, construction, and mainte-  
13 nance.

14 (D) Brush disposal.

15 (E) Reforestation and other site improve-  
16 ments.

17 (F) Transportation planning.

18 (G) Silvicultural examinations.

19 (4) The Forest Service does not presently have  
20 an adequate financial accounting system in place to  
21 identify and manage the indirect and total expendi-  
22 tures associated with the programs it administers.  
23 The lack of such a system, and accompanying safe-  
24 guards to prevent inappropriate use of appropriated  
25 funds and off-budget funds, may be contributing

1 substantially to declines in the goods and services  
2 the Forest Service is able to provide to the American  
3 public and other users of the National Forest Sys-  
4 tem.

5 (5) The Forest Service is in need of a com-  
6 prehensive strategy for identifying and reducing,  
7 where appropriate, indirect and total expenditures  
8 associated with management of the National Forest  
9 System. Such a strategy must include clear, tangible  
10 objectives and performance measures that will make  
11 it possible to measure agency performance and iden-  
12 tify results.

13 (6) Any comprehensive strategy ultimately  
14 adopted by the Forest Service to better manage indi-  
15 rect and total expenditures associated with manage-  
16 ment of the National Forest System must be de-  
17 signed so as to maintain or increase the goods and  
18 services provided to the American public and other  
19 users of the National Forest System as a result of  
20 its implementation.

21 **SEC. 3. DEFINITIONS.**

22 For purposes of this Act:

23 (1) BUDGET REQUEST.—The term “budget re-  
24 quest” means the Forest Service budget justification  
25 documents submitted to the Committee on Appro-

1        priations of the House of Representatives and the  
2        Senate in support of the President’s budget for a  
3        fiscal year submitted to Congress pursuant to sec-  
4        tion 1105 of title 31, United States Code.

5            (2) GENERAL ADMINISTRATION.—The term  
6        “general administration” means amounts appro-  
7        priated for general line management, administrative  
8        support, and common services, as identified in the  
9        Forest Service budget request.

10           (3) INDIRECT EXPENDITURES.—The term “in-  
11        direct expenditures” means indirect support activi-  
12        ties, as defined in the Forest Service Handbook and  
13        other expenditures, including salary, travel, training  
14        and vehicle use, that cannot, in a feasible manner,  
15        be specifically identified with a single project, includ-  
16        ing the following:

17            (A) Expenditures related to line officers,  
18        including district rangers, forest supervisors, re-  
19        gional foresters, and Washington Office posi-  
20        tions, and their support staff.

21            (B) Program support expenditures to co-  
22        ordinate, manage, and execute programs, busi-  
23        ness activities, community involvement, and  
24        other similar activities.

1           (C) Nonpersonnel expenditures associated  
2 with providing space and working environments  
3 for employees, including rentals, utilities, com-  
4 munications, radio, office and computer equip-  
5 ment, mail and postage, and office supplies and  
6 forms.

7           (4) OFF-BUDGET FUND.—The term “off-budget  
8 fund” means a trust fund or permanent appropria-  
9 tion administered by the Forest Service, including  
10 the following:

11           (A) The brush disposal fund established  
12 under the twenty-first paragraph under the  
13 heading “FOREST SERVICE” in the Act of  
14 August 11, 1916 (39 Stat. 462; 16 U.S.C.  
15 490).

16           (B) The cooperative work—other fund es-  
17 tablished under the penultimate paragraph  
18 under the heading “FOREST SERVICE” in  
19 the Act of June 30, 1914 (38 Stat. 430; 16  
20 U.S.C. 498).

21           (C) Knutson-Vandenberg fund established  
22 under section 3 of the Act of June 9, 1930  
23 (commonly known as the Knutson-Vandenberg  
24 Act; 16 U.S.C. 576b).

1           (D) The reforestation trust fund estab-  
2           lished under section 303(d) of Public Law 96-  
3           451 (16 U.S.C. 1606a).

4           (E) The salvage sale fund established  
5           under section 14(h) of the National Forest  
6           Management Act of 1976 (16 U.S.C. 472a(h)).

7           (F) The roads and trails fund established  
8           under the fourteenth paragraph under the  
9           heading “FOREST SERVICE” of the Act of  
10          March 4, 1913 (37 Stat. 843; 16 U.S.C. 501).

11          (5) SECRETARY.—The term “Secretary” means  
12          the Secretary of Agriculture, acting through the  
13          Chief of the Forest Service.

14   **SEC. 4. ALL RESOURCES REPORTING SYSTEM.**

15          (a) ACCOUNTING SYSTEM REQUIRED.—

16               (1) SCHEDULE FOR IMPLEMENTATION.—Not  
17               later than 180 days after the date of the enactment  
18               of this Act, the Secretary shall prepare a schedule  
19               for implementation of an accounting system (to be  
20               known as the “All Resources Reporting System”) to  
21               account for the costs and revenues associated with  
22               the programs administered by the Forest Service.  
23               The Secretary shall include the schedule in the stra-  
24               tegic plan required under section 7.

1           (2) IMPLEMENTATION.—The All Resources Re-  
2           porting System shall be fully implemented for all of  
3           the programs identified under subsection (b) begin-  
4           ning no later than the first day of the second full  
5           fiscal year following the date of the enactment of  
6           this Act.

7           (b) REQUIRED PROGRAMS.—The All Resources Re-  
8           porting System shall include, at a minimum, the following  
9           program areas:

10           (1) Land management planning, inventorying,  
11           and monitoring.

12           (2) Recreation use.

13           (3) Rangeland management.

14           (4) Commercial timber management.

15           (5) Forestland vegetation management.

16           (6) Soil, water, and air management.

17           (7) Minerals and geology management.

18           (8) Wildlife and fisheries habitat management.

19           (9) Land ownership management.

20           (10) Infrastructure management.

21           (11) Law enforcement operations.

22           (12) State and private forestry.

23           (13) Forest and rangeland research.

24           (c) COST ALLOCATIONS.—The All Resources Report-  
25           ing System shall allocate certain costs as follows:

1           (1) The costs of the commercial timber manage-  
2           ment program shall consist of the costs identified  
3           with the timber commodity component of the Fed-  
4           eral timber sale program, as contained in the Forest  
5           Management Program Annual Report.

6           (2) The costs of the forest land vegetation and  
7           wildlife and fisheries habitat management program  
8           shall include the costs of the forest stewardship and  
9           personal use components of the Federal timber sale  
10          program, as contained in the Forest Management  
11          Program Annual Report. Such costs shall be divided,  
12          as appropriate, between the two programs.

13          (d) IDENTIFICATION OF INDIRECT EXPENDITURES  
14          AND GENERAL ADMINISTRATION COSTS.—The All Re-  
15          sources Reporting System shall clearly identify the indi-  
16          rect expenditures and general administration costs  
17          charged or allocated annually to each program.

18          (e) ADMINISTRATIVE UNITS.—The All Resources Re-  
19          porting System shall include a separate report for each  
20          administrative unit of the National Forest System, for  
21          State and private forestry, and for research.

22          (f) COMPLIANCE WITH GENERALLY ACCEPTED AC-  
23          COUNTING PRINCIPLES.—The Forest Service shall ensure  
24          that the All Resources Reporting System complies with  
25          generally accepted accounting principles.

1 **SEC. 5. LIMITATIONS ON COSTS CHARGED TO OFF-BUDGET**  
2 **FUNDS.**

3 (a) **ANNUAL PERCENTAGE LIMITATION.**—Not later  
4 than 90 days after the date of the enactment of this Act,  
5 the Secretary shall cap total annual indirect expenditures  
6 from each of the off-budget funds at 20 percent of the  
7 total expenditures from each fund.

8 (b) **ELIMINATION OF INDIRECT EXPENDITURES.**—  
9 Not later than 180 days after the date of the enactment  
10 of this Act, the Secretary shall prepare a schedule for  
11 eliminating indirect expenditures from each off-budget  
12 fund by the end of the second full fiscal year following  
13 the date of the enactment of this Act. To ensure elimi-  
14 nation of such indirect expenditures by the end of such  
15 second full fiscal year, the schedule shall reduce indirect  
16 expenditures to at least 10 percent of total annual expend-  
17 itures from each off-budget fund beginning on the first  
18 day of the second full fiscal year. The Secretary shall in-  
19 clude the schedule in the strategic plan required under sec-  
20 tion 7.

21 **SEC. 6. DISCLOSURE OF INDIRECT EXPENDITURES AND**  
22 **GENERAL ADMINISTRATION COSTS IN AN-**  
23 **NUAL BUDGET REQUESTS.**

24 The Secretary shall plainly disclose for each budget  
25 line item, expanded budget line item, or program identified  
26 in each annual budget request the following information:

1           (1) The total amount of indirect expenditures  
2           and general administration costs that will be  
3           charged or allocated to the line item, expanded line  
4           item, or program during the applicable fiscal year,  
5           expressed both in total dollars and as a percentage  
6           of the total line item, expanded line item, or pro-  
7           gram.

8           (2) The total amount of indirect expenditures  
9           and general administration costs charged or allo-  
10          cated to the line item, expanded line item, or pro-  
11          gram for each of the preceding three fiscal years, ex-  
12          pressed both in total dollars and a percentage of the  
13          total line item, expanded line item, or program.

14 **SEC. 7. COST REDUCTION STRATEGIC PLAN.**

15          (a) STRATEGIC PLAN REQUIRED.—Not later than  
16 180 days after the date of the enactment of this Act, the  
17 Secretary shall prepare and submit to Congress a five-year  
18 strategic plan to identify and reduce, where appropriate,  
19 indirect expenditures and other costs associated with the  
20 programs identified in section 4(b) while simultaneously  
21 increasing the goods and services provided by such pro-  
22 grams through the National Forest System.

23          (b) ELEMENTS OF STRATEGIC PLAN.—The strategic  
24 plan shall include, at a minimum, the following elements:

1           (1) A description and schedule for full imple-  
2           mentation of the All Resources Reporting System.

3           (2) A schedule for eliminating indirect expendi-  
4           tures from off-budget funds pursuant to section 5.

5           (3) A method for identifying annually the direct  
6           and indirect expenditures (expressed both in total  
7           dollars and as a percentage of total program expend-  
8           itures) charged or allocated to each program by the  
9           Washington, regional, forest, and ranger district of-  
10          fices.

11          (4) A framework, including specific instructions  
12          to line officers and other decision makers, for estab-  
13          lishing and achieving a five-year goal for reducing,  
14          as appropriate, the indirect expenditures and total  
15          expenditures charged to each program by the Wash-  
16          ington, regional, forest, and ranger district offices  
17          while maintaining or increasing the goods and serv-  
18          ices provided by such programs through the Na-  
19          tional Forest System.

20          (5) A plan to improve the cost-effectiveness of  
21          program and project planning and implementation  
22          through increased private-sector contracting.

23          (6) Annual, output-based incentives for line of-  
24          ficers and other decision-makers to meet the sched-

1 ules and achieve the objectives established under this  
2 subsection.

3 (c) CONSULTATION.—The Secretary shall prepare the  
4 strategic plan in consultation with the Comptroller Gen-  
5 eral and the Inspector General of the Department of Agri-  
6 culture.

7 (d) RESULTS OF IMPLEMENTATION.—The Secretary  
8 shall include an annual review of the results of the imple-  
9 mentation of the strategic plan as an addendum to the  
10 annual budget request. The annual review may also be in-  
11 cluded in the annual performance plan prepared pursuant  
12 to the provisions of the Government Performance and Re-  
13 sults Act of 1993 (Public Law 103–62; 107 Stat. 285).  
14 The addendum shall include a description of the following:

15 (1) Modifications in the implementation of the  
16 strategic plan that occurred during the course of the  
17 fiscal year and the impact of the modifications.

18 (2) Changes to the definition of or method of  
19 accounting for direct and indirect expenditures and  
20 general administration costs that occurred during  
21 the previous fiscal year.

22 (3) Private contracting demonstration projects  
23 commenced under subsection (e) and the results of  
24 any such projects that are completed.

1 (e) DEMONSTRATION OF PRIVATE-SECTOR CON-  
2 TRACTING.—For purposes of the implementation of the  
3 element of the strategic plan described in subsection  
4 (b)(5), and notwithstanding any other provision of law, the  
5 Secretary may conduct demonstration projects to test the  
6 cost-effectiveness of using private contracting for plan-  
7 ning, programming, project implementation, and other ac-  
8 tivities of the Forest Service that do not constitute deci-  
9 sion-making.

10 **SEC. 8. AUDIT REQUIREMENTS.**

11 (a) ANNUAL EVALUATIONS REQUIRED.—The Comp-  
12 troller General shall submit to Congress an annual evalua-  
13 tion assessing the effectiveness of the implementation of  
14 the strategic plan required under section 7. The evaluation  
15 for a year shall be submitted as soon as practicable after  
16 the submission of the Forest Service budget request for  
17 the next year.

18 (b) FIVE-YEAR AUDIT REQUIRED.—At the conclu-  
19 sion of the fifth full fiscal year following the date of the  
20 enactment of this Act, the Comptroller General shall con-  
21 duct a comprehensive audit of the implementation of the  
22 strategic plan required under section 7. Such audit shall  
23 include an analysis of the following:

1           (1) The trends in indirect and total expendi-  
2           tures charged to each program by the Washington,  
3           regional, forest, and ranger district offices.

4           (2) A description of the effectiveness of the im-  
5           plementation of the strategic plan, or any modifica-  
6           tions thereto, on the management of indirect expend-  
7           itures and total expenditures charged to each pro-  
8           gram by the Washington, regional, forest, and rang-  
9           er district offices.

10          (3) Recommendations to further improve the  
11          management of indirect and total expenditures  
12          charged to each program by the Washington, re-  
13          gional, forest, and ranger district offices.

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